

COMMONWEALTH OF VIRGINIA

SENATOR MAMIE LOCKE, Chair
DELEGATE DANIEL MARSHALL, III, Vice-chair
ELIZABETH A. PALEN, Executive Director



GENERAL ASSEMBLY BUILDING
201 NORTH 9th STREET, SECOND FLOOR
RICHMOND, VIRGINIA 23219
(PHONE) 804-786-3591 ext. 259
(FAX) 804-371-0169
epalen@dls.virginia.gov
<http://dls.virginia.gov/commissions/vhc.htm>

VIRGINIA HOUSING COMMISSION

SUMMARY

Virginia Housing Commission
December 17, 2015, 2:00 P.M.
House Room C, General Assembly Building

I. Call to Order

Delegate Daniel W. Marshall, III, Chair, called the meeting to order at 2:00 P.M.

Members in attendance: Delegate Daniel W. Marshall, III, *Chair*; Senator Mamie E. Locke, *Vice-chair*; Senator George L. Barker; Delegate David L. Bulova; Delegate Betsy Carr; Delegate Barry D. Knight; Delegate Christopher K. Peace; Mark K. Flynn, *Governor Appointee*; T.K. Somanath, *Governor Appointee*; and Laura D. Lafayette, *Governor Appointee*.

Staff: Elizabeth Palen, *Executive Director of VHC*

II. Housing Economic and Forecast; Current Housing Conditions in Virginia

- **Sonya R. Waddell**, *Regional Economist, The Federal Reserve Bank of Richmond*: Presentation is available to view on the website under "materials."
- **Questions:**
- **Delegate Christopher Peace**: There's been a lot of talk recently about the federal rate, I was wondering your thoughts how the rate change would affect these foreclosure numbers?
 - **Waddell**: I haven't heard anything to indicate that rising rates will impact the foreclosure process. Related to mortgage origination, there are many more regulations that financial institutions are required to take care of, and we talked to banks getting out of the mortgage process altogether. On the other hand, technology provides wonders to getting information out there in areas less populated, so it would be progressively easier for banks to continue to originate mortgages.
- **Mark Flynn**, *Governor Appointee*: Is this information available electronically?
 - **Waddell**: Yes. Ms. Palen should have it available on the website.

III. Realtor's Forecast for 2016

- **Chip Dicks**, *Virginia Association of Realtors*: The difficulty of people getting housing loans occurs because of regulatory issues and with consumers having debt. The consumer

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DELEGATE DAVID L. BULOVA
DELEGATE ROSALYN R. DANCE
DELEGATE BARRY D. KNIGHT
DELEGATE CHRISTOPHER K. PEACE

SENATOR MAMIE E. LOCKE
SENATOR JOHN C. WATKINS
SENATOR GEORGE L. BARKER

MARK K. FLYNN
LAURA D. LAFAYETTE
T.K. SOMANATH

finance agencies have just implemented a new settlement plan. It has changes and potential to delay settlement on homes.

- We've had a general tick- up in housing sales, though it varies by locality.
- There is also an issue with affordable housing. There are more people paying a larger portion of their disposable income on housing.

IV. Workgroup Reports

- **Affordable Housing Real Estate Law and Mortgages**

- **Delegate Christopher Peace:** One issue we took up was **offenders re-entering society**. It does not appear that there should be a change in the Code of Virginia, but there was a good dialogue. I did not have a motion from the workgroup to take any action on this issue.
 - We also studied several **fair housing issues** and possible changes to the Commonwealth's fair housing law. The first concerned a status issue related to **veterans**. The statistics don't support action at this time. The workgroup declined to make recommendation.
 - We also discussed **sexual orientation** and fair housing. The private sector is taking some steps in aiding fairness in receiving housing. The work group decided this would be a private sector issue.
 - We discussed the **Housing Trust Fund**, which is a well-established issue with this Commission.
 - We need a designated form of revenue for the trust fund. There are some funds appropriated from the general fund. A portion of the recordation tax would be contributed to the Trust Fund, but a threshold first must be met first.
- **Senator Barker:** By having a threshold, if housing prices go up, you make a larger amount of money and are removing it from general fund purposes. You could also base it on projected numbers.
 - **Peace:** There is an argument for both sides. There is a good point of setting at the past years recordation tax. We are still not going to get the number to adequately fund this effort. We may have to coddle together sources and funds to get what we need. The workgroup recommended is the proposed legislation is in your folder (When the amount deposited into the state treasury exceeds \$325 million--20% of the excess revenue shall be transferred to the Housing Trust Fund.)
- **T.K. Somanath, Governor Appointee:** I think the cap is a good idea. Is it advisable to look at 2015 as the forecast for the next year?
 - **Peace:** Is the actual number or the forecasted number to be the cap every year? I don't know.
- **Somanath:** My concern is we will be in an area where interest rates are rising.
- **Barker:** I am sure we are aware there are other ways to address this issue.

- **Laura D. Lafayette, Governor Appointee:** I'm concerned about the 20%.
 - **Peace:** We discussed it a length, but we had to come up with a number.
- **Peace:** Another topic we studied is **land banking**, the issue is how to deal with blight. Land banking is a permissive tool, and some localities may want to add this to their toolbox. There is a general consensus this is a good idea.
- **Flynn:** A land bank is an entity that acquires derelict properties, and then rehabilitates them. This bill allows a locality to create a public authority or to create a 501(C)(3) or work with an existing nonprofit, which then becomes the land bank. It cannot use the power of eminent domain. The locality can set priorities for the type of property to be working on saving from blight. I recommend this bill include the owner be able to convey the property to a land bank entity created pursuant to this proposed legislation.
- **Marshall:** And there is no objection to adding this element to the legislation?
- **No objection.**
- **Delegate Barry Knight:** Regarding that amended legislation, sometimes a deed in lieu of foreclosure would work, too.
 - **Flynn:** Land banking does not eliminate any of the processes that are already in existence.
- **Neighborhood Transitions and Residential Land Use/Housing and Environmental Standards**
- **Senator Mamie Locke:** The issue of mandated disclosure to potential homebuyers when there has been **recurrent flooding** was resolved by VHDA incorporating this into their training for first-time homebuyers (encouraging the potential buyer to ask if the property had previously flooded, was currently in a floodplain to the best of the seller's knowledge, etc...).
 - **Preapproval of site plans** was never addressed, as Delegate Morris chose not to pursue this issue or have the Commission do so.
 - Regarding **undisclosed underground septic systems prior to 1982**, we learned their records are widely divergent, which is a huge cost burden regarding records. We did not come to a solution.
 - Dealing with **asbestos signage**, we have legislation we will address later.
 - The final issue dealt with **stalking and the early termination of rental agreements**. We looked at the statistics Elizabeth Palen presented from the Sentencing Commission and learned that there are not many felony stalking convictions; most are misdemeanors- as a result we will not move forward with legislation.
- **Common Interest Communities**
- **Delegate David Bulova:** We started with two potential bills. The first dealt with procedures for amending declarations and bylaws. The second was a broad study that

went to rules regarding HOA governance. Both the patrons decided not to run for re-election to the legislature and subsequently both declined to move forward with working on legislation. We chose not to meet when it was unnecessary to do so.

V. Proposed Legislation

- **Land banking**
 - **There was a motion and a second to move the bill forward.**
 - **The motion passed.**
 - **Delegate Marshall will carry the legislation in the House , Senator Barker in the Senate**
- **Housing Trust Fund**
 - **There was motion and a second to pass the legislation.**
 - **The motion passed.**
 - **Senator Locke will carry the legislation in the Senate, Delegate Peace in the House**
- **Asbestos Signage**
- **Senator Mamie Locke:** It includes notification of safety procedures for all employees.
 - **There was a motion and second to move the legislation forward.**
 - **The motion passed.**
 - **Senator Ebbin will carry the legislation in the Senate**

VI. Public Comment

- **Bob Adams, Virginia Housing Coalition:** I just wanted to thank the Commission and Delegate Peace for putting forward legislation on the Housing Trust Fund.

VII. Adjourn

- Upon hearing no request to comment, **Delegate Marshall** adjourned the meeting at 3:15 P.M.